

IN THE
UNITED STATES COURT OF APPEALS
FIFTH CIRCUIT

U. S. COURT OF APPEALS

FILED

28254

JUN 13 1909

No. **1405**

EDWARD W. WADSWORTH
CLERK

E. I. duPONT deNEMOURS & COMPANY, INC.
Plaintiff-Appellee

vs.

ROLFE CHRISTOPHER, ET AL,
Defendants-Appellants

APPLICATION FOR LEAVE TO TAKE INTERLOCUTORY APPEAL

Appeal from the United States District Court
for the Eastern District of Texas

ORGAIN, BELL & TUCKER
DAVID J. KREAGER
Beaumont Savings Building
Beaumont, Texas

ATTORNEYS FOR DEFENDANTS-APPELLANTS

IN THE
UNITED STATES COURT OF APPEALS
FIFTH CIRCUIT

28-254
No. _____

E. I. duPONT deNEMOURS & COMPANY, INC.,
Plaintiff-Appellee

vs

ROLFE CHRISTOPHER, ET AL,
Defendants-Appellants

APPLICATION FOR LEAVE TO TAKE INTERLOCUTORY APPEAL

Pursuant to 28 U.S.C. §1292(b), Rolfe Christopher and Gary Christopher, Defendants, apply for leave to take an appeal to this Court from interlocutory orders of the United States District Court for the Eastern District of Texas, Beaumont Division, entered June 5, 1969, in this action.

STATEMENT OF FACTS

Appellants (Defendants hereinafter called Christophers), commercial photographers, photographed Appellee's (Plaintiff's hereinafter called

DuPont) "Methanol" plant from the air March 19, 1969. March 28, 1969

DuPont sued Christophers demanding

- (1) That Defendants be temporarily restrained and permanently enjoined from taking further photographs without the permission of DuPont;
- (2) That Defendants be temporarily restrained and permanently enjoined from distributing the photographs taken March 19th;
- (3) That Defendants be temporarily restrained and permanently enjoined from delivering the negatives to anyone other than DuPont;
- (4) That Defendants be mandatorily enjoined and directed to deliver all negatives and prints taken March 19th to DuPont;
- (5) That DuPont recover judgment against Christopher for all damages sustained as a result of the photographs taken March 19th.

Christopher attacked DuPont's suit by the following:

- (1) Motion to Dismiss for lack of jurisdiction on April 9, 1969, because there was no factual allegation as to the amount of damage and no allegation showing that the Plaintiff had been damaged in an amount within the

jurisdiction of the Court.

(2) Motion to Dismiss for failure to state a claim upon which relief could be granted, the primary ground of said motion being that the complaint failed to state a cause of action upon which relief could be granted because it stated no fact establishing any unlawful conduct on the part of the Defendant, and Plaintiff has no "right of privacy" to prevent photographing from the air.

(3) Motion for Summary Judgment. Under the undisputed evidence consisting of affidavits and depositions, the Defendants breached no law, statutory or common law, and violated no regulation, ordinance, rule or duty.

DuPont does not have any "right of privacy" which prevents photographing from the air; therefore, it states no cause of action for photographing its so-called trade secret.

The Trial Court entered its restraining order April 17, 1969 enjoining Defendants, as well as all persons, firms or corporations to whom said photographs or negatives had been delivered, circulated or shown. Said restraining order was served and returned to the Court under oath decreeing that each person who had received said photograph had been so served.

Christophers delivered said photographs and negatives to DuPont's attorneys April 17, 1969.

June 5, 1969, the United States District Court in and for the Eastern District of Texas entered its order overruling Christophers' motions, and sustained DuPont's motion to compel Christophers to give the identity and location of the person, firm or corporation who employed them to take said photographs.

Contemporaneously in this order, the United States District Court held that the order involved a controlling question of law, as to which there is substantial ground for difference of opinion, and that an immediate appeal from the order would materially advance the ultimate termination of this litigation. Further proceedings, including requirement of Christopher to identify his client, were stayed pending the outcome of this application.

ORDER INVOLVED

The order sought to be appealed was entered June 5, 1969, and is attached as Appendix A.

CONTROLLING QUESTION OF LAW INVOLVED

The controlling question of law is whether Christophers have a right to photograph DuPont's "Methanol" plant from the public air space.

SUBSTANTIAL DIFFERENCE OF OPINION EXISTS

The Trial Judge, recognizing the lack of direct legal authority and the importance of the legal question to the parties, authorized this application. The question, whether Christopher has the right to make aerial photographs of DuPont's "trade secrets" presents this Court with a unique decision between two conflicting rights. The right of Christopher to use the public air space as opposed to the right of DuPont to protect its trade secrets. There are substantial interests involved as well as a substantial difference as to what the law is or should be.

No one could question Christophers' right to fly over the "Methanol" plant under the same circumstances and learn what he might by visual observation. The uniqueness of the legal point is presented by Christophers' contention that he has the right to use the public air space for his photography business, the distinction being that the eye is supplemented by camera lens and the observation is preserved in a photograph. DuPont admits it had camouflaged the structures in question so that photographs taken from the adjoining highway, river and overpass would have been misleading. We can only assume it neglected to camouflage the installation from the air.

The question would be the same whether the photograph was taken from a public highway, as it is when taken from the public air space. The United States Supreme Court abolished the ancient common law doctrine, that ownership of the land extended to the periphery of the universe. Navigable air space (defined as air space above the minimum safe altitudes of flight)

is a public highway. United States vs. Causby, 328 U.S. 256, 66 S. Ct. 1062, 90 L. Ed. 1206 (1946). The navigable air space which Congress has placed in the public domain is "air space above the minimum safe altitudes of flight prescribed by the Civil Aeronautics Authority." 49 U.S.C., §180.

There was no trespass or violation of law by Christopher while photographing the DuPont installation. Of course, he merely hired a private pilot to fly a general pattern (the pilot's deposition is of record). DuPont's own employee witness, by affidavit, describes the flight as being at least 500 feet in altitude; all of the other witnesses, by deposition, place the flight between 500-1500 feet in altitude. Thus, all agree that the flight was in the public domain or public highway of the air. The Civil Aeronautics Authority in its general operating and flight rules has prescribed "minimum safe altitudes" in §91.79 (the entire section is Appendix B.) The applicable portion reads:

"(c) Over other than congested areas. An altitude of 500 feet above the surface, except over open water or sparsely populated areas. In that case, the aircraft may not be operated closer than 500 feet to any person, vessel, vehicle, or structure."

There is substantial difference of opinion whether DuPont has a cause of action against Christopher, the photographer. If DuPont's pleadings are distilled, DuPont contends Christopher violated their "right of privacy". There is no such "right of privacy" recognized in Texas. Their contention that the "Methanol" plant was a "trade secret" adds nothing. The present state of the law on "trade secrets" limits the cause of action to trade secrets obtained in an improper manner such as by breach of trust, breach of confidential

relationship or acquisition by theft.

This Court in McCullagh v. Houston Chronicle Publishing Co., 211 F. 2d 4 (5th Cir. 1954), following Milner v. Red River Valley Pub. Co., Inc., 249 S.W. 2d, 227 (Dallas, 1952), held that Texas does not recognize a cause of action for breach of a "right of privacy".

The tort of interference with business relations by acquisition of "trade secrets" is founded in the illegality of the acquisition. See 86 C.J.S., Torts §48 at page 972; Prosser on Torts, Chapter 23, Economic Relations, page 752; Restatement of Torts, Division 9, Interference with Business Relations, §757. The cases universally turn upon breach of trust or breach of confidential relationship. Speedry Chemical Products, Inc. v. Carter's Ink Company, 306 F. 2d, 328 (2nd Cir. 1962) [contention defendant breached confidential relationship]; K & G Oil Tool & Service Co., Inc. vs. G. & G. Fishing Tool Service, et al, 158 Tex. 594, 314 S. W. 2d 782 (1958) [plaintiff and defendant had both a contractual and confidential relationship]; Furr's, Inc. v. United Specialty Advertising Company, 338 S.W. 2d 762 (El Paso, 1960, e. ref'd n.r.e.) [reversed because appellant did not acquire information in the course of confidential relationship.]

There was no relationship whatsoever between DuPont and Christopher. Certainly there was no contractual or confidential relationship. There was no illegality, theft, or other improper means used.

Assuming that DuPont had a trade secret observable from the air, the discoverer of such secret has no exclusive right against those who acquire a knowledge of it lawfully without a breach of contract or confidential relationship. The complaint does not state a cause of action merely because the secret was observed from the air, nor because it was recorded by photography.

There is no evidence that at any time the flight, resulting in the photographs, was not in the public air space; i.e., that portion permitted for private flight by the rules of the Civil Aeronautics Authority. It is admitted by all that much of the circular flight during which the photographs were taken was over non-DuPont property consisting of pasture land and a river. The flight path over the DuPont property was over a parking lot. Thus photographs were taken under the same circumstance as if they had been taken from a public highway; only in this instance it is contended by DuPont that they show more detail. Christopher contends he was exercising his legal right to the use of the air space and the instrumentality of photography should not decrease his right.

AN IMMEDIATE APPEAL WILL MATERIALLY EXPEDITE THE LITIGATION

The granting of this appeal will avoid bringing the same question to this Court immediately by writ of habeas corpus. The District Court ordered Christophers to disclose the identity and location of their client.

This order is stayed pending the present application. Christopher surrendered the fruits of the April 17 flight and submitted himself to deposition April 22. At that time he refused to identify his client. This application permits the Court to expedite this entire litigation, without pressing the point to the more drastic and time consuming solution of contempt with appeal by habeas corpus.

DuPont's primary motive is to discover the identity and location of the party employing Christopher. This information is material only if DuPont has a cause of action. Christopher, because of the importance of confidence to his business and his client's demand that his identity not be disclosed, must of necessity preserve his business reputation by permitting himself to be found in contempt and presenting the question to the Court by habeas corpus. The Trial Court felt that the matter could be laid to rest by the present appeal and the parties would be saved the expense and consumption of time in protracting the present litigation.

Obviously if DuPont does not have a cause of action, Christopher should not be restrained from practicing this portion of his livelihood and his business should not be jeopardized. As he testified, a large portion of his work is for attorneys and industries who require that his services be handled on a confidential basis. If a cause of action is stated, Christopher, whose role is admitted and undisputed, can be relieved of his concern about contempt

and enter negotiations to relieve himself of the expense of litigation.

WHEREFORE, Appellant Christophers pray this Court grant leave to perfect appeal pursuant to 28 U.S.C. §1292(b).

Respectfully submitted,



ORGAIN, BELL & TUCKER
DAVID J. KREAGER
Beaumont Savings Building
Beaumont, Texas

Certificate of Service

I, David J. Kreager, a member of the Bar of this Court, hereby certify that, concurrently with the mailing of this Application to the Clerk of this Court, two copies of the Application, with first class postage pre-paid, were mailed to Robert Q. Keith, Esq., the attorney of Record for Appellee E. I. duPont deNemours & Company, Inc., at his address, San Jacinto Building, Beaumont, Texas.



DAVID J. KREAGER

APPENDIX A

IN THE UNITED STATES DISTRICT COURT
IN AND FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

E. I. duPONT deNEMOURS &
COMPANY, INC.

§

VS.

§

CIVIL ACTION NO. 6258

ROLFE CHRISTOPHER AND
GARY CHRISTOPHER

§

ORDER

BE IT REMEMBERED that on this date in the above case came on to be heard Defendants' Motion to Dismiss for lack of jurisdiction and Motion to Dismiss for failure to state a claim upon which relief can be granted; and Motion for Summary Judgment and Plaintiff's Motion to require answer to certain questions relating to the identity of the person, firm, or corporation who employed Defendants. Having considered all of said Motions, together with affidavits and depositions on file herein, it is ORDERED as follows:

1. Defendants' Motion to Dismiss for lack of jurisdiction is overruled;
2. Defendants' Motion to Dismiss for failure to state a claim upon which relief can be granted is overruled;
3. Defendants' Motion for Summary Judgment is overruled;
4. Plaintiff's Motion to compel answer to questions on depositions relating to the identity and location of the firm,

person or corporation who employed Defendants to take photographs of Plaintiff's Methanol Plant at its Beaumont works and to whom he delivered said photographs is sustained;

5. Having made such rulings, and having considered the motion for Interlocutory appeal filed by Defendants, it is also ORDERED that the above orders of this Court involve a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order will materially advance the ultimate disposition of the litigation here involved.

A prompt decision by the Appellate Court at this stage would serve the cause of justice by accelerating the ultimate termination of this litigation by settlement or otherwise.

Therefore, Defendants are GRANTED leave to file application for appeal to the Court of Appeals, and proceedings in this Court are stayed until termination thereof.

SIGNED AND ENTERED this the 5th day of June, 1969.

Joe J. Fisher
JUDGE PRESIDING

APPENDIX B

"§91.79 Minimum safe altitudes; general.

Except when necessary for takeoff or landing, no person may operate an aircraft below the following altitudes:

(a) Anywhere. An altitude allowing, if a power unit fails, an emergency landing without undue hazard to persons or property on the surface.

(b) Over congested areas. Over any congested area of a city, town, or settlement, or over any open air assembly of persons, an altitude of 1,000 feet above the highest obstacle within a horizontal radius of 2,000 feet of the aircraft.

(c) Over other than congested areas. An altitude of 500 feet above the surface, except over open water or sparsely populated areas. In that case, the aircraft may not be operated closer than 500 feet to any person, vessel, vehicle, or structure.

(d) Helicopters. Helicopters may be operated at less than the minimums prescribed in paragraph (b) or (c) of this section if the operation is conducted without hazard to persons or property on the surface. In addition, each person operating a helicopter shall comply with routes or altitudes specifically prescribed for helicopters by the Administrator."

IN THE
UNITED STATES COURT OF APPEALS
FIFTH CIRCUIT

28254

Misc. 1405

- - - -

ROLFE CHRISTOPHER AND GARY CHRISTOPHER,
Defendants-Appellants

VS

E. I. duPONT deNEMOURS & COMPANY, INC.,
Plaintiff-Appellee

- - - -

REPLY TO PLAINTIFF'S ANSWER TO PETITION FOR
INTERLOCUTORY APPEAL

- - - -

Appeal from the United States District Court
for the Eastern District of Texas

- - - -

ORGAIN, BELL & TUCKER
DAVID J. KREAGER
Beaumont Savings Building
Beaumont, Texas

ATTORNEYS FOR DEFENDANTS-APPELLANTS

U. S. COURT OF APPEALS
FILED
JUN 27 1969
EDWARD W. WADSWORTH
CLERK

IN THE
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Misc. No. 1405

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ROLFE CHRISTOPHER AND GARY CHRISTOPHER,
Defendants-Appellants

vs

E. I. duPONT deNEMOURS & COMPANY, INC.,
Plaintiff-Appellee

- - - - -

REPLY TO PLAINTIFF'S ANSWER TO PETITION FOR
INTERLOCUTORY APPEAL

- - - - -

TO THE HONORABLE COURT OF APPEALS:

Defendants below respectfully reply to Plaintiff's answer to its application under §1292(b). A reply is needed to demonstrate that Plaintiff's legal authorities actually enhance the propriety of this Court granting application to appeal, for these reasons:

1. As the sole legal issue in this matter is whether DuPont has a cause of action, and since the legal issue is unique and undecided, granting this appeal will materially advance termination of the litigation.

2. The discovery order under Rule 37 underlines the urgency of granting this application. There is no adequate means otherwise, to review the order while holding the parties in status quo. Consequently, acceptance of the application will advance termination of the litigation; otherwise the litigation will be extended because the parties will urge the same basic legal issue, upon appeal from a contempt order or habeas corpus proceeding.

3. The District Court is in error because DuPont has no cause of action against Defendants' aerial photography. This is not an "improper means" of procuring information about another's business. Consequently, the Court was in error when it ordered Christophers to disclose the names of their clients.

GRANTING THIS APPEAL WILL MATERIALLY ADVANCE TERMINATION
OF THIS LITIGATION

The issue is simple - solely a legal point - and determinative, in a practical sense, of the litigation. Christophers assert their right (which might be termed a Constitutional right or freedom) as citizens to use the public air space for the purpose of aerial photography. DuPont asserts this activity constitutes unlawful appropriation of trade secrets. The entire litigation turns upon your legal decision whether this is "improper means" within the terminology of Restatement of Torts, §759. Neither

counsel has found where this issue or a similar issue has been presented to any court for decision in the past.

Granting this application for appeal under §1292(b) will not only materially advance, it is almost certain to terminate this litigation. Obviously, as local photographers, Christophers cannot long withstand the full brunt of DuPont's litigative instinct. Christophers have one point - a point of honor, if you please. They insist they have not committed any improper act by practicing their profession of aerial photography. This is a "fair means" of obtaining information. Their assertion of their right to obtain information by aerial photography is sufficiently important to them, to justify presenting this point by such means as are available, until an authoritative decision has been rendered. One is inclined to quote Webster's argument in Trustees of Dartmouth College v. Woodward, 17 U.S. 518, 4 Wheat 518, 4 L. Ed. 629 (1819). Simply stated, either they have a right to use the public air space for aerial photography, and such is a "fair means" of learning information - or such is an "improper means" of obtaining such information; and therefore actionable, entitling Plaintiff to enjoin them and seek damages.

We respectfully submit this is a perfect example of the type case to be decided under §1292(b). As DuPont infers in its answers, the "gravamen of this appeal is an order compelling discovery". Obviously it is the thrust of DuPont's litigative purpose; to compel Christophers to disclose

the name of their client. Christophers are under order to do so, faced with a probable penalty of contempt.

This Honorable Court recently had occasion to re-examine the dilemma of appeal from discovery orders in Southern Railway Co. v. Lanham, 408 F. 2d 348 (5th Cir. 1969); 403 F. 2d 119 (1968). Such was the dilemma of Christophers and the Trial Court here. The Trial Court protected the parties by injunction, delivery of the negatives and photographs to DuPont and by staying the proceedings pending this hearing. If DuPont has no cause of action, then Christophers should not be forced to jeopardize their business relationship by forceable disclosure of their clients' names. Since the Court's order under Rule 37 is not directly appealable, Christophers' only remedy to test the legal issue (and the sole legal issue at stake) is by the drastic remedy of appealing a criminal contempt directly or indirectly as set forth in Hickman v. Taylor, 329 U. S. 495, 67 S. Ct. 385, 91 L. Ed. 457 (1947). This Court in Southern Railway Co. v. Lanham, noted the fallacies of the Hickman v. Taylor approach; however, it recognized the lack of relief otherwise from Rule 37. We submit §1292(b) affords relief to the dilemma. Surely it will save not only time but also local reputation, to present the legal question in a gentlemanly way by granting this application. It would only delay the ultimate determination, and demean the parties, to force them to return to this Court after a criminal contempt.

DuPont, in its brief, echoes the statement that §1292(b) is to be used only in rare instances. Christopher submits that DuPont overlooks the position taken by this Court of Appeals in the past, and submits the proper attitude is that §1292(b) has a valid and worthy purpose. DuPont certainly slights the importance of this Court's decision, Tokio Marine & Fire Ins. Co. v. Aetna Cas. & Surety Co., 322 F. 2d 113 (5th Cir. 1963). If the reader continues the quotation cited in its brief, we find the language: "Judge . . . reads §1292(b) much too narrowly. We do not believe it does any good to echo epitaphs uttered by others that §1292(b) is to be 'sparingly applied'. . . following very practical considerations, we have on a number of occasions allowed interlocutory appeals. . . pointing out that 'each application is to be looked at then in the light of the underlying purpose reflected in the statute'" (at page 115).

Although the District Judge in Tokio Marine & Fire Ins. Co. v. Aetna Cas. & Surety Co. refused to certify the appeal to the Fifth Circuit, this Court entered a stay order. We submit the present case not only comes within the exact language of 1292(b) but is almost a perfect case for the application of said section. In the present application, the Court will find that the District Judge did certify this appeal and has stayed proceedings pending your action.

The issue is simple - is there a cause of action for photographing another's premises from the public highway of the air, where it is claimed that trade secrets were photographed.

PLAINTIFF DOES NOT HAVE A CAUSE OF ACTION

DuPont's entire brief is based upon the assumption that "improper means" were used. Christopher has conceded from the first, that there may be a cause of action for obtaining trade secrets by "improper means". This generality, however, begs the ultimate question - in what way was aerial photography "improper means"?

The Courts in the cases cited by DuPont (as well as the Restatement of Torts) recognize there is no cause of action for appropriation of trade secrets learned by "fair means"; whereas there is a cause of action for obtaining trade secrets by "improper means". This language is found on page 9 of their brief where DuPont cites Brown v. Fowler, 316 S.W. 2d 111, 114:

"The fact that it may be discovered by fair means does not deprive the owner of his right to protection from one who secures the knowledge by unfair means. The question is not, 'How could he have secured the knowledge?' but, 'How did he?'"

The question posed in the aforesaid case "How did he?" is answered readily - Christopher used aerial photography. At this point DuPont's complaint, its proof on summary judgment, and its answer filed in this

Court, fail. DuPont does no more than use the words "improper means". It cannot point out anything improper about using a camera - or using aerial photography. Christopher in his application assumed the burden of setting forth the possible grounds of impropriety and then demonstrated that none were raised in this case. Such are summarized as follows:

- (1) Right of Privacy - DuPont's suit fails if it is alleging as "improper means" a breach of Plaintiff's right of privacy. There is no such cause of action recognized in Texas.
- (2) Trespass - DuPont's allegations and proof fail to set forth a cause of action if "improper means" means trespass or breach of the peace because at all times Christophers were in the public portion of the air space.
- (3) Breach of Relationship - DuPont admits in its brief that it is not alleging violation of any relationship, confidential or otherwise.
- (4) Illegality - Neither DuPont's complaint, proof, or brief allege any theft, bribery or similar breach of the law.
- (5) Fraudulent Conduct - Plaintiff in its brief relies upon Seismograph Service, Corp. v. Offshore Raydist, 135 F. Supp. 342 (E.D. La. 1955). Judge Wright clearly bases his opinion upon "unclean hands and fraudulent conduct." Certainly after reading the opinion, one sees a deliberate

fraudulent scheme to steal an invention by deceptive conduct. Nowhere has DuPont claimed similar conduct in this case and such is disproved as a matter of law by DuPont's own affidavit.

In summary, the only conduct relied upon by DuPont as "improper means" is the use of the public air space for aerial photography. Christopher replies that the use of the public air space is his basic right under the law as a citizen. He will continue to cling to this belief until this Court declares otherwise.

CONCLUSION

DuPont states the case must be tried on its merits. Quite obviously, there is nothing left to try other than damages, once this point of law is decided. Christophers have made no secret of their conduct and freely admit taking the photographs in question and have furnished the evidence thereof to DuPont in the form of the photographs themselves. The only issue is whether this is "improper means" within the language of the Restatement of Torts, §759. Defendants are already enjoined, and the only remaining issue, should this Court decide in the affirmative, is proof of damages.

Respectfully submitted,



ORGAIN, BELL & TUCKER
DAVID J. KREAGER
Beaumont Savings Building
Beaumont, Texas

Certificate of Service

I, David J. Kreager, a member of the Bar of this Court, hereby certify that, concurrently with the mailing of this Reply to Plaintiff's Answer to Petition for Interlocutory Appeal to the Clerk of this Court, two copies of the Reply, with first class postage prepaid, were mailed to Robert Q. Keith, Esq., the attorney of record for Appellee E. I. duPont deNemours & Company, Inc., at his address, San Jacinto Building, Beaumont, Texas.


DAVID J. KREAGER

UNITED STATES DISTRICT COURT

APPENDIX C

OFFICE OF THE CLERK

EASTERN DISTRICT OF TEXAS

P. O. Box 231
Beaumont, Texas 77704
June 25, 1969

JAMES R. COONEY
CLERK

Mr. Robert Q. Keith
Mehaffy, Weber, Keith & Gonsoulin
1400 San Jacinto Building
Beaumont, Texas 77701

Mr. David J. Kreager
Orgain, Bell & Tucker
Beaumont Savings Building
Beaumont, Texas 77701

Re: E. I. duPont de Nemours & Company, Inc.,
vs. Rolfe Christopher and Gary Christopher -
Civil Action No. 6258

Gentlemen:

Enclosed is certified copy of Memorandum, which
was signed by Judge Fisher, filed and entered in the
above cause as of June 5, 1969.

Very truly yours,

JAMES R. COONEY, CLERK

By Virginia R. Sens
(Mrs.) Virginia R. Sens
Deputy Clerk

enc.

A TRUE COPY I CERTIFY
JAMES R. COONEY, CLERK
U. S. DISTRICT COURT
EASTERN DISTRICT, TEXAS
BY Virginia R. Sens

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

E. I. duPONT deNEMOURS &
COMPANY, INC.

VS

ROLFE CHRISTOPHER
and GARY CHRISTOPHER

X

X

X

X

CIVIL NO. 6258

FILED

MEMORANDUM

M JUN 5 - 1969 19
James R. Cooney, Clerk, U. S. Court
By Virginia R. Sens
DEPUTY

The Plaintiff charges Defendants, who are commercial photographers, with the unauthorized taking of aerial photographs of Plaintiff's Methanol Plant which photographs reveal "trade secrets" or secret processes carefully guarded from public disclosure. Further, Plaintiff alleges that the Defendants appropriated said "trade secrets" and secret processes by delivering the photographs to an unidentified third person, which conduct on the part of the Defendants caused irreparable harm and damage to the Plaintiff. Plaintiff also seeks to discover the identity and location of the person who employed Defendants to take the aerial photographs and to whom the photographs were delivered.

The Defendants contend that they had a legal right to take said aerial photographs of Plaintiff's property, including "trade secrets" or secret processes since said photographs were neither fraudulently or illegally taken. Further, the Defendants oppose disclosure of the identity and location of the person who employed them because to make such a disclosure would cause Defendants to violate a confidential relationship which would adversely affect the Defendants in their commercial photography business.

There appears to be a paucity of legal authority on this question, and the controversy is unique in being one of first impression. The trial Judge is presented with the difficult decision of two conflicting rights, to-wit; the right of the Plaintiff to protect its "trade secrets" and the right of the Defendants to take photographs from the air, land or water. The Court has attempted to protect Plaintiff by issuing an injunction prohibiting further disclosure of the information reflected by the photographs, and granting Plaintiff's motion to discover the identity of the undisclosed third party. The Court has attempted to protect the Defendants by permitting an interlocutory appeal and staying the proceedings, and the order of disclosure, pending disposition of the interlocutory appeal.

The attorneys representing the parties have been unusually cooperative and have stipulated that the photographs and negatives in question were delivered to an undisclosed third person in whose possession they remained for some one to three days. The original photographs and negatives in question have now been delivered to the Plaintiff. However, there is no stipulation concerning the use, if any, of the information obtained by the undisclosed third party from said photographs.

The question of law is whether the Defendants have A RIGHT TO PHOTOGRAPH THE PLAINTIFF'S METHANOL PLANT FROM THE PUBLIC AIR SPACE AND TO OBTAIN PHOTOGRAPHS WHICH REVEAL "TRADE SECRETS" OR SECRET PROCESSES, AND TO APPROPRIATE SUCH KNOWLEDGE AND INFORMATION BY THE USE OF SAID PHOTOGRAPHS DELIVERED TO AN UNDISCLOSED THIRD PERSON. The Court finds

and concludes that the Plaintiff has alleged a cause of action over which the Court has jurisdiction, and is entitled to offer evidence of damages sustained as a result of Defendants' unauthorized conduct. Further, the Court concludes that the Plaintiff is entitled to have the Defendants disclose the identify of the person or persons to whom the photographs and negatives in question were delivered, and the use, if any, of such knowledge and information obtained from the photographs.

SIGNED AND ENTERED this 5th day of June, 1969.

ORIGINAL SIGNED BY
JOE J. FISHER

UNITED STATES DISTRICT JUDGE

28254

MISC. NO. 1405

U. S. COURT OF APPEALS

FILED

* * * * *

JUN 23 1969

IN THE

EDWARD W. WADSWORTH

UNITED STATES COURT OF APPEALS

CLERK

FIFTH CIRCUIT

* * * * *

ROLFE CHRISTOPHER and GARY CHRISTOPHER,
DEFENDANTS-APPELLANTS

VS.

E. I. duPONT deNEMOURS & COMPANY, INC.,
PLAINTIFF-APPELLEE

* * * * *

ANSWER TO PETITION FOR
INTERLOCUTORY APPEAL

, * * * * *

APPEALED FROM THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS

WILLIAM E. KIRK, JR.
Wilmington, Delaware, 19898

MEHAFFY, WEBER, KEITH &
GONSOULIN
Beaumont, Texas, 77701

ROBERT Q. KEITH

Of Counsel

Attorneys for Appellee

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Wissman v. Boucher, 240 S.W. 2d 278	3

<u>Rules</u>	<u>Page</u>
Rule 26(b), F.R.C.P.	3, 11
Rule 37, F.R.C.P.	2

<u>Texts</u>	
Restatement of Torts, Sec. 75710
Restatement of Torts, Sec. 759	8

MISC. NO. 1405

* * * * *

IN THE
UNITED STATES COURT OF APPEALS
FIFTH CIRCUIT

* * * * *

ROLFE CHRISTOPHER and GARY CHRISTOPHER,
Defendants-Appellants

VS.

E. I. duPONT deNEMOURS & COMPANY, INC.,
Plaintiff-Appellee

* * * * *

ANSWER TO PETITION FOR
INTERLOCUTORY APPEAL

TO THE HONORABLE COURT OF APPEALS:

Plaintiff below, E. I. duPont deNemours & Company, Inc. respectfully says the Defendants' Petition to take an interlocutory appeal should be in all things denied, in support of which this brief is submitted.

ISSUES PRESENTED FOR REVIEW

1. Whether the District Court correctly overruled Defendants' motions to dismiss and motion for summary judgment.
2. Whether the District Court abused its discretion in compelling Defendants to

disclose upon oral deposition the "identity and location" of the person who hired them and to whom they delivered the photographs in question.

3. Whether or not granting this appeal will materially advance termination of this litigation.

STATEMENT OF THE CASE

DuPont, plaintiff below, submits that Defendants' petition for an interlocutory appeal should be denied.

Plaintiff filed this case March 28, 1969. Defendants have not yet answered, but have filed motions to dismiss for lack of jurisdiction and for failure to state a cause of action, as well as a motion for summary judgment. Plaintiff commenced discovery by attempting to take the oral depositions of Defendants Rolfe Christopher and Gary Christopher. Defendants refused to answer questions relating to the "identity and location" of a certain person or persons known to them, whereupon plaintiff applied to the Court, pursuant to Rule 37, F.R.C.P. for an order requiring defendants to answer. In its order of June 5, 1969, the Court below denied Defendants' motions to dismiss and for summary judgment, and granted Plaintiff's motion with respect to discovery.

On the merits of the case the Court has simply held:

- (a) Plaintiff's complaint is good against a motion to dismiss;

(b) On the showing made defendants are not entitled to summary judgment.

On the discovery aspect the Court has simply ordered defendants, in the words of Rule 26(b), F.R.C.P., to answer Plaintiff's questions as to the identity and location of a person having knowledge of relevant facts.

The District Court has heard no testimony. The mere statement of the proceedings shows the lack of finality of the orders below and we submit that this Court, in the exercise of the discretion granted by 28 USC, §1292(b) should not undertake appellate review of these orders, but should leave the matter with the trial court for full development in an orderly manner.

This case involves the appropriation and distribution of DuPont's "trade secrets"^{1/} and secret processes obtained by aerial photography of its methanol plant under construction at Beaumont. The gravamen of this appeal is an order compelling discovery---relating to who ordered the photographs, to whom

^{1/}Texas courts have uniformly accepted the definition of "trade secrets" contained in the Restatement of Torts, §757, and comments thereto appended. Wissman v. Boucher, 240 S.W. 2d 278 (Tex.Sup., 1951); Luccous v. Kinley, 376 S.W. 2d 336 (Tex.Sup., 1964).

they have been delivered, and ultimately the use to which they were put.

Defendants are commercial photographers. They testified upon deposition that an unidentified third person hired them to take aerial photographs in color of DuPont's methanol plant under construction (Rolfe Christopher's deposition 60-61; 81-82)^{2/} and that more detail of the work in progress can be captured by aerial photographs than by any other method. (98-101).

Almost from the instant the photographs were taken, March 19, 1969, DuPont attempted to determine for whom and why they were being made (37-38; 43); for DuPont had gone to considerable lengths to avoid disclosure of its highly valuable secret processes incorporated in the design of this methanol manufacturing facility (Affidavit of Frank Maderich).

In spite of the numerous inquiries from DuPont (37-43) and the fact the photographs could be reproduced in 30 to 45 minutes each (79-80), on March 26, Christopher delivered them to the office of the man who had hired him (29; 49).

Suit was filed March 28, 1969. Upon oral deposition Christopher was asked numerous questions relating to the

^{2/}In this reply all further factual reference () shall be to Rolfe Christopher's oral deposition unless otherwise noted.

identity and location of the person who hired him and to whom he delivered the photographs. ^{3/}(28-29; 35; 44-48; 51-52; 53; 55-59; 62-63; 73-74; 75-76; 78; 101; 103-104).

The man who hired Christopher to take the photographs also is bearing the expense of this litigation. (101-103). Christopher refused to identify him, but testified:

"Q. Why don't you want to answer the question, Rolfe?

"A. My client doesn't want me to reveal it.

"Q. Is that the only reason, he doesn't want you to reveal his identity?

"A. Yes, sir.

"Q. You have no other reason whatsoever?

"A. No other reason." (52)

* * * *

"Q. I come back to the question again, other than, or besides the fact that your client does not want his name disclosed, you have no reason for not doing so?

"A. No, sir.

3/Meanwhile, original copies of photographs and negatives had been handed to DuPont, and an injunction issued against use of the photographs or information gleaned therefrom. However, the number of photographs taken, or prints made is, by Christopher's testimony uncertain and conjectural. (6-8)

"Q. And if he would authorize it you would give it in a minute?

"A. Yes, sir." (101)

The trial court sustained DuPont's Motion to compel Christopher to answer questions relating to the identity and location of the person who hired him and to whom he delivered the photographs. Included in this same order of June 5, 1969 was an order overruling a motion for summary judgment and denying motions to dismiss.

ARGUMENT AND AUTHORITIES

1. Whether the District Court correctly overruled Defendants' motions to dismiss and motion for summary judgment.

The methanol process sought to be protected here by DuPont is secret, highly valuable and the exclusive property of DuPont. One who has a secret process or formula has a property right therein which will be protected as against ^{4/} those who attempt to apply the secret to their own use. At nominal cost [\$200 for the photographs (30) plus the expense of this litigation (101-103)] some third person has appropriated the product of years of research, hundreds of thousands of dollars in expense, and the judgment and creative genius necessary for such development.

^{4/} Brown v. Fowler, 316 S.W. 2d 111, 115 (Tex.Civ.App., 1958; Ref. NRE)

Defendants say there is no cause of action (even for ^{5/} unjust enrichment) claiming the airplane pilot violated no regulation of the Federal Aviation Administration during the ^{6/} photography mission, and did not physically intrude or trespass upon DuPont's fee title.

This Court recently gave cognizance to the right of privacy and intrusion thereon without physical trespass. Fowler v. Southern Bell Tel. & Tel. Co., 343 F2d 150 (5 Cir., 1965).

Upon February 29, 1969, the Court of Appeals for the District of Columbia said in Drew Pearson v. Thomas J. Dodd ^{7/} (D.C., Feb. 29, 1969, No. 21,910).

^{5/}cf. Meier Glass Co. v. Anchor Hocking G. Corp., 95 F.Supp., 264, 268 (W.D. Penn., 1951), wherein the Court noted:

"The doctrine of unjust enrichment or recovery in quasi-contract is applicable where the product of an inventor's brain is knowingly received and used by another to his own great benefit without compensating the inventor."

^{6/}The affidavit of Frank Maderich and oral deposition of Wayne Gregory, the pilot, shows there are obvious factual weaknesses in this defense.

^{7/}Excerpted in 37 Law Week 2524; Cert. Den'd. June 6, 1969, 37 Law Week 3480.

"Appellee proceeds under a branch of privacy theory which Dean Prosser has labeled 'intrusion', and which has been increasingly recognized by courts and commentators in recent years. Thus it has been held that unauthorized bugging of a dwelling, tapping a telephone, snooping through windows, and over-zealous shadowing amount to invasions of privacy, whether or not accompanied by trespasses to property.

"* * * * *

"We approve the extension of the tort of invasion of privacy to instances of intrusion, whether by physical trespass or not, into spheres from which an ordinary man in a plaintiff's position could reasonably expect that the particular defendant should be excluded. Just as the Fourth Amendment has expanded to protect citizens from government intrusions where intrusion is not reasonably expected, so should tort law protect citizens from other citizens. The protection should not turn exclusively on the question of whether the intrusion involves a technical trespass under the law of property. The common law, like the Fourth Amendment, should 'protect people, not places'." (Emphasis Supplied)

In a somewhat different vein, but giving cognizance to the tort remedy invoked by DuPont is the Restatement of Torts, §759, which provides:

"§759. Procuring Information by Improper Means

"One who, for the purpose of advancing a rival business interest, procures by improper means information about another's business is liable to the other for the harm caused by his possession, disclosure or use of the information." (Emphasis Supplied)

In their only passing reference to Texas law, petitioners contend Texas does not recognize a cause of action for breach of the right of privacy. There cited (on Page 7) are two suits brought against newspaper publishers for public comment on the affairs of private persons.

But, relevant to this controversy, we find the Texas Supreme Court, wherein they affirmed an injunction against use of trade secrets saying, in 1958:

"* * *the undoubted tendency of the law has been to recognize and enforce higher standards of commercial morality in the business world." Hyde Corp. v. Huffines, 314 S.W. 2d 763, 773 (Tex.Sup., 1958).

Then following this pronouncement, the Texas courts again affirmed an injunction prohibiting use of trade secrets and noted:

"* * *A trade secret may be a discovery rather than an invention, and may result from industry or application, or may be fortuitous. It may be any secret of a party important to his interest. * * *The fact that it may be discovered by fair means does not deprive the owner of his right to protection from one who secures the knowledge by unfair means. The question is not, 'How could he have secured the knowledge?' but, 'How did he?'" Brown v. Fowler, 316 S.W. 2d 111, 114 (Tex.Civ.App., 1958; Ref. NRE)

Petitioners apparently contend that a cause of action for wrongful appropriation of trade secrets arises only

out of a breach of confidential relations, and since Christopher and DuPont are strangers, DuPont's secrets are fair game.

While on the District bench, Judge J. Skelly Wright answered this argument in Seismograph Service Corp. v. Offshore Raydist, 135 F.Supp. 342, 354 (E.D., La., 1955), when he said:

"* * * Courts are insisting on increasingly higher standards of commercial integrity. * * * Now business information or trade secrets, not rising to the stature of invention, are protected. * * *."

"Even where it cannot be said that the parties stand in confidential relations, improper acquisition of another's business information or trade secrets subjects the perpetrator to liability * * *. * * * No single test can be applied in all cases where improper acquisition of business information is charged. The inventiveness of the devious mind staggers the imagination. It is simply the difference between right and wrong, honesty and dishonesty, which is the touchstone in an issue of this kind."

DuPont has pleaded, and the depositions and affidavits positively reflect a cause of action for the improper acquisition of trade secrets. ^{8/} The District Court correctly

^{8/} Different authorities characterize the appropriation in different shades and tones. cf. Booth v. Stutz, 56 F2d 962, 969 (7 Cir., 1932) "inequitable appropriation of Booth's designs"; Restatement of Torts, Comment a to §757, "impropriety in the method of ascertaining the secret" or "impropriety in the means of procurement." Seismograph Service Corp. v. Offshore Raydist, supra, "improper acquisition."

overruled Defendants' motions to dismiss and motion for summary judgment.

2. Whether the District Court abused its discretion in compelling Defendants to disclose upon oral deposition the "identity and location" of the person who hired them and to whom they delivered the photographs in question.

DuPont has by verified petition brought suit seeking money damages and injunctive relief against further disclosure. Rule 26(b), F.R.C.P., specifically provides the deponent may be interrogated about "the identity and location of persons having knowledge of relevant facts."

Certainly the person who employed the photographer, and to whom the pictures were delivered has knowledge of relevant facts relating to: (a) what was done with the photographs while he had them and before they were returned to Christopher; (b) were copies made; (c) to whom were copies delivered; (d) why were the photographs taken; (e) was there any person involved in sponsoring this photography mission; (f) who examined the pictures; (g) were enlargements made; (h) were measurements taken of certain items shown in the photos; (i) to whom was information given based on the pictures; (j) what information was given to others; (k) were all photos returned to Christopher.

Manifestly it is within the power of the District Court to compel the disclosure sought by DuPont; the information sought is directly relevant; and it is no answer to say, as did Christopher, that this Court should grant the appeal "because of the importance of confidence to his business and his client's demand that his identity not be disclosed."

[Christopher's petition to this Court, Page 9]

This last argument was met and answered very recently by the Court of Appeals for the Third Circuit involving a non-party witness answering certain discovery interrogatories:

"Every interlocutory order involves, to some degree, a potential loss. That risk, however, must be balanced against the need for efficient federal judicial administration as evidenced by the Congressional prohibition of piecemeal appellate litigation. To accept the appellant's view is to invite the innundation of appellate dockets with what have heretofore been regarded as non-appealable matters. It would constitute the courts of appeals as second stage motion courts reviewing pretrial applications of all non-party witnesses alleging some damage because of the litigation." Borden Co. v. Sylk, (3 Cir., May 13, 1969, No. 17,592)

It is essential to an ultimate determination of this lawsuit to settle first the myriad of factual questions raised by the cited decisions.

With deference to this Court's admonition that "We do not believe it does any good to echo epithets uttered by

others that § 1292(b) is to be 'sparingly applied'* * *^{9/}, we must refer to virtually the only decision directly in point. Atlantic City Elec. Co-op. v. A. B. Chance, 313 F2d 431, 434 (2 Cir., 1963) involved a discovery order in the electrical anti-trust cases. There the Circuit denied the Sec. 1292(b) appeal, stating:

"Questions of this sort, involving the discretion of the judge in conducting pre-trial discovery proceedings should not be reviewed by an appellate court at this stage of a litigation except where there has been a manifest abuse of discretion."

Defendants do not even contend the District Court abused its discretion in compelling discovery.

3. Granting this appeal will not materially advance termination of this litigation.

DuPont has pleaded a cause of action against the Christophers. The proof gathered thus far will support an order of injunction and a judgment for money damages against the photographers and the undisclosed "perpetrator." Offshore Raydist, 135 F.Supp. at 354, supra.

Since the pleadings and proof sustain a cause of action, the case must be tried on its merits. Hence, the

^{9/}Tokio Marine & Fire Ins. Co. v. Aetna Cas. & Surety Co., 322 F2d 113, 115 (5 Cir., 1963)

granting of this appeal will only delay and not advance termination.

CONCLUSION

The Petition should be in all things denied.

Respectfully submitted,

WILLIAM E. KIRK, JR.
Wilmington, Delaware, 19898

MEHAFFY, WEBER, KEITH & GONSOULIN
1400 San Jacinto Building
Beaumont, Texas, 77701

Attorneys for Appellee

By Robert Q. Keith
Of Counsel

CERTIFICATE OF SERVICE

A true copy of the above and foregoing Answer to Petition for Interlocutory Appeal was deposited in the United States Mail at Beaumont, Texas, postage prepaid, addressed to counsel of record for the appellants at the address shown upon the pleadings herein, upon the 20 day of June, 1969.

Robert Q. Keith
ROBERT Q. KEITH

U. S. COURT OF APPEALS
FILED

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

AUG 5 1969

EDWARD W. WADSWORTH
CLERK

Misc. No. 1405

28254

ROLFE CHRISTOPHER, ET AL,

Petitioners,

versus

E. I. duPONT deNEMOURS & CO., INC.,

Respondent.

- - - - -

On Application for Leave to Appeal from an
Interlocutory Order

- - - - -

Before BROWN, Chief Judge, THORNBERRY and MORGAN, Circuit Judges.

BY THE COURT:

IT IS ORDERED that leave to appeal from the interlocutory
order of the United States District Court for the Eastern
District of Texas entered on June 5, 1969, in the above styled
and numbered cause, is hereby *GRANTED*

LPM
Consented by phone
by both Judges MRB & HT
8/5/69

UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 28254

E. L. duPONT de NEMOURS & COMPANY, INC.

versus

ROLFE CHRISTOPHER, ET AL

The clerk will enter (my) (our) appearance as Counsel for the APPELLEE herein.

(Name) Robert Q. Keith MEHAFFY, WEBER, KEITH & GONSOULIN

(Office address) 1400 San Jacinto Building

(City) Beaumont, Texas, 77701

SPECIAL NOTICE:

The Court instructs all parties that all notices, orders in the case, etc. will be sent to only one lawyer for each party, to be indicated below. The responsibility for keeping co-counsel advised is directly on such counsel and no extensions or other relief will be granted because of a failure of co-counsel to receive such information.

Additionally, co-counsel should ordinarily obtain current information from such indicated lead counsel, as the Clerk's Office does not have facilities to supply it to others.

To enable lawyers to plan their schedules, the Clerk will send to all counsel (only one mailing to a particular firm address) entering an appearance, a copy of the calendar fixing time and place for oral argument.

NOTIFY (LEAD) COUNSEL

Robert Q. Keith

(Name)

MEHAFFY, WEBER, KEITH & GONSOULIN

1400 San Jacinto Building

(Firm Address)

Beaumont, Texas, 77701

(City)

Counsel:

To your knowledge and that of your co-counsel from whom you are to make inquiry:

- (1) Is there any case now pending in (i) this Court, (ii) the Supreme Court, or (iii) any other United States Court of Appeals which involves the same, substantially the same, similar or related issue(s)?

Yes _____

No X

- (2) Is there any such case now pending in a District Court (i) within this Circuit, or (ii) in a Federal Administrative Agency which would likely be appealed to the Fifth Circuit?

Yes _____

No X

- (3) Is there any case such as (1) or (2) in which judgment or order has been entered and the case is on its way to this Court by appeal, petition to enforce, review, deny?

Yes _____

No X

If answer to (1), or (2), or (3), is yes, please give detailed information.

Number and Style of Related Case _____

Name of Court or Agency _____

Status of Appeal, (if any) _____

Other Status (if not appealed) _____

NOTE: Attached sheet to give further details.

UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 28254

E. I. duPONT de NEMOURS & COMPANY, INC.

versus

BOLJE CHRISTOPHER, ET AL

27 1964

EDWARD W. VALENTINE

The clerk will enter (my) (our) appearance as Counsel for the APPELLANT herein.

(Name) John S. Tucker

DAVID J. KREAGER

(Office address) Beaumont Savings Bldg

Beaumont Savings Bldg

(City) Beaumont Texas 77701

Beaumont Texas

SPECIAL NOTICE:

The Court instructs all parties that all notices, orders in the case, etc, will be sent to only one lawyer for each party, to be indicated below. The responsibility for keeping co-counsel advised is directly on such counsel and no extensions or other relief will be granted because of a failure of co-counsel to receive such information.

Additionally, co-counsel should ordinarily obtain current information from such indicated lead counsel, as the Clerk's Office does not have facilities to supply it to others.

To enable lawyers to plan their schedules, the Clerk will send to all counsel (only one mailing to a particular firm address) entering an appearance, a copy of the calendar fixing time and place for oral argument.

NOTIFY (LEAD) COUNSEL

DAVID J. KREAGER

(Name)

Beaumont Savings Bldg

(Firm Address)

Beaumont Texas 77701

(City)

CONTINUED ON REVERSE SIDE

Counsel:

To your knowledge and that of your co-counsel from whom you are to make inquiry:

- (1) Is there any case now pending in (i) this Court, (ii) the Supreme Court, or (iii) any other United States Court of Appeals which involves the same, substantially the same, similar or related issue(s)?

Yes _____
No ✓ _____

- (2) Is there any such case now pending in a District Court (i) within this Circuit, or (ii) in a Federal Administrative Agency which would likely be appealed to the Fifth Circuit?

Yes _____
No ✓ _____

- (3) Is there any case such as (1) or (2) in which judgment or order has been entered and the case is on its way to this Court by appeal, petition to enforce, review, deny?

Yes _____
No ✓ _____

If answer to (1), or (2), or (3), is yes, please give detailed information.

Number and Style of Related Case _____

Name of Court or Agency _____

Status of Appeal, (if any) _____

Other Status (if not appealed) _____

NOTE: Attached sheet to give further details.

James T. Tucker

282541

U. S. COURT OF APPEALS

FILED

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

AUG 5 1969

EDWARD W. WADSWORTH
CLERK

Misc. No. 1405

ROLFE CHRISTOPHER, ET AL,

Petitioners,

versus

E. I. duPONT deNEMOURS & CO., INC.,

Respondent.

- - - - -

On Application for Leave to Appeal from an
Interlocutory Order

- - - - -

Before BROWN, Chief Judge, THORNBERRY and MORGAN, Circuit Judges.

BY THE COURT:

IT IS ORDERED that leave to appeal from the interlocutory order of the United States District Court for the Eastern District of Texas entered on June 5, 1969, in the above styled and numbered cause, is hereby GRANTED.

UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE FIFTH CIRCUIT

U. S. COURT OF APPEALS

FILED

Case No. 28354

SEP 5 1969

STEVEN WASHINGTON, JR.,

:

EDWARD W. WADSWORTH

CLERK

Appellant,

:

vs.

:

CERTIFICATE OF COUNSEL

LOUIE L. WAINWRIGHT,
Director, Division of
Corrections, State of
Florida,

:

:

:

Appellee.

:

The undersigned counsel for appellant herein hereby certify to the above-entitled Court that the entire record on appeal, including the transcript and all necessary exhibits, is complete for the purposes of this appeal. A partial record in the form of a copy of the docket entries is herewith submitted in accordance with the provisions of Rule 11(c), Federal Rules of Appellate Procedure. The record on appeal will be transmitted forthwith upon the receipt by appellant of appellee's brief.

DATED this 4TH day of SEPTEMBER, 1969.

HARRIS, BARRETT, DEW & SIEBER

By: William L. Penrose
William L. Penrose

P. O. Box 28

St. Petersburg, Florida

AND

Kenneth C. Deacon, Jr. of
Deacon, Brickley & Hickok
424 Beach Drive N. E.
St. Petersburg, Florida

Attorneys for Appellant

SEP 10 1969

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been furnished by mail to Morton J. Hanlon, Esquire, Assistant Attorney General for the State of Florida, P. O. Box AQ, Lakeland, Florida, on this 4TH day of ~~August~~ ^{SEPTEMBER}, 1969.

William L. Penner
Of Counsel

EDWARD W. WADSWORTH

NO FURTHER EXTENSION
SHOULD BE REQUESTED

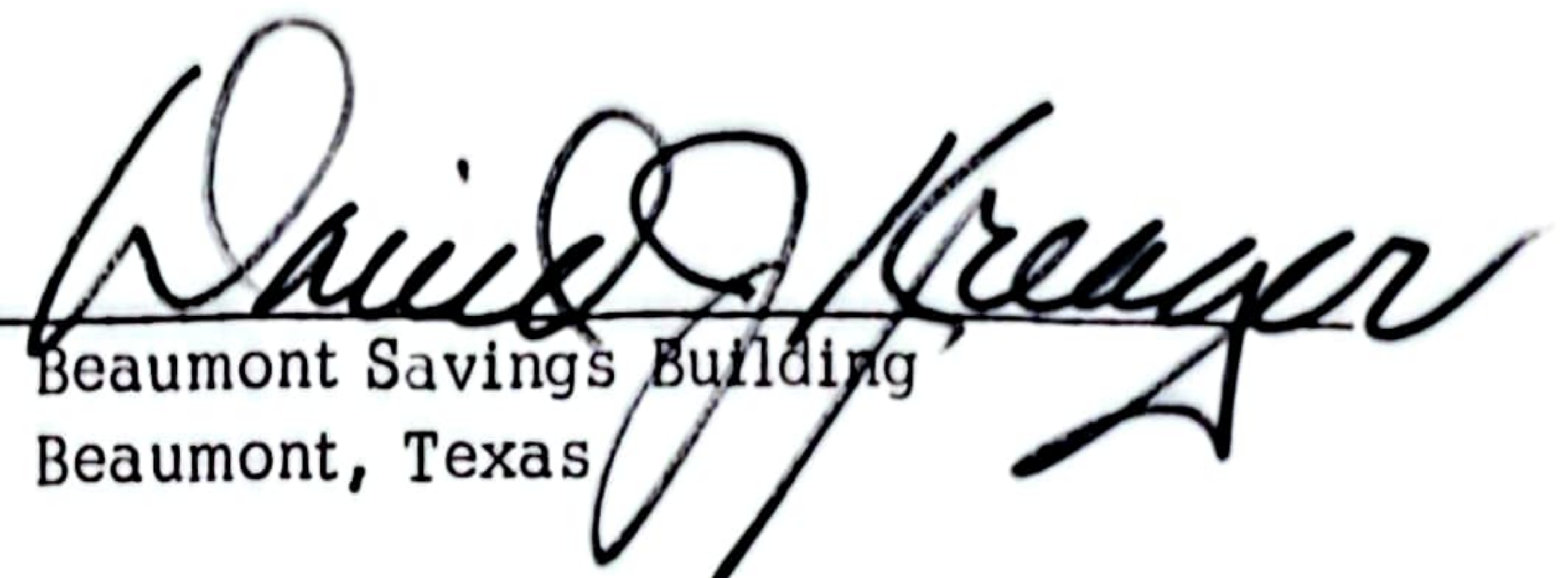
Rolfe Christopher and Gary Christopher, appellants, move the Court, pursuant to Rule 26(b) of the Rules of Appellate Procedure, to extend the time for filing brief of appellants to forty (40) days after the Appendix is printed and filed with the Clerk, and to extend the time for appellee's brief, and would show the Court that such extension is reasonably necessary in order that the appellants will have the printed Appendix in preparing their brief and can make references in the brief to parts of the record reproduced in the Appendix at the pages of the Appendix at which those parts appear, as required by Rule 28(e) of the Rules of Appellate Procedure, and would show the Court that the forty days after the date on which the record is filed, as provided in

Rule 31(a), would not be sufficient time for the appellants to withdraw and use the original record, and would further show the Court that the appellants and the appellee are agreeable to this extension as reflected by the approval of this motion.

WHEREFORE, Appellants, Rolfe Christopher and Gary Christopher, move the Court to extend the time for filing the brief of appellants until forty (40) days after the printing and filing of the Appendix as designated in their joint designation.


Respectfully submitted,

ORGAIN, BELL & TUCKER


Beaumont Savings Building
Beaumont, Texas

Attorneys for Appellants, Rolfe
Christopher and Gary Christopher

AGREED TO:


Attorney for Appellee, E. I. duPONT
deNEMOURS & COMPANY, INC.

NO. 28254

IN THE
UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

U. S. COURT OF APPEALS
FILED
EDWARD W. WAGGONWORTH
CLERK

E. I. duPONT deNEMOURS & COMPANY, INC.
PLAINTIFF-APPELLEE

VS.

ROLFE CHRISTOPHER AND GARY CHRISTOPHER,
DEFENDANTS-APPELLANTS

APPELLANTS' JOINT DESIGNATION OF INSTRUMENTS TO BE
INCLUDED IN APPENDIX TO BRIEFS

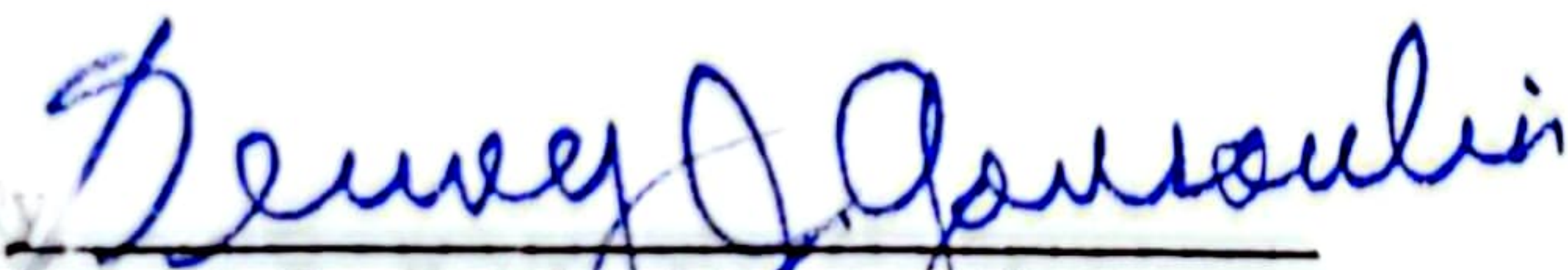
Rolfe Christopher, Gary Christopher and E. I. duPont deNemours & Company, Inc. hereby jointly designate the following instruments to be included in the appendix to briefs:

1. Copy of Civil Docket in said cause and all entries thereon.
2. Plaintiff's Original Complaint (Petition) filed 3/28/69.
3. Plaintiff's Motion for Leave to Take Oral Deposition Within Less Than 20 days, filed 4/9/69.
4. Restraining Order Enjoining Defendants from Taking Photographs, filed 4/17/69.
5. Plaintiff's Motion to Compel Answer, filed 5/2/69.
6. Defendants' Motion to Dismiss for Lack of Jurisdiction, filed 4/11/69.
7. Defendants' Motion for Summary Judgment, filed 5/26/69.
8. Plaintiff's Controverting Affidavit signed by Frank Maderick, filed 6/5/69.

9. Order signed by Judge Fisher overruling Defendants' motion to dismiss and motion for summary judgment also sustaining Plaintiff's motion to compel answer and granting leave to appeal, filed 6/5/69.
10. Memorandum signed by Judge Fisher and filed 6/5/69.
11. The following pages (inclusive) from the deposition of Rolfe Christopher filed 5/14/69: pp. 3-9; 28-78; 81-83; 88-127, plus exhibits.
12. The following pages (inclusive) from the deposition of Gary Wesley Christopher, filed 5/14/69: pp. 3-7; 23-77; plus exhibits.
13. The following pages (inclusive) from the deposition of Clifton Wayne Gregory, filed 5/14/69: pp. 3-9; 16-19; 22-46; plus exhibits.


Attorney for Rolfe Christopher and
Gary Christopher

Appellants' Joint Designation
of Instruments to be Included
in Appendix to Briefs approved
by Appellee, E.I. duPont deNemours
& Company, Inc.

By 
Robert Q. Keith, Attorney for
E.I. duPont deNemours & Company,
Inc.

for Robert Q. Keith

[426]

IN THE UNITED STATES COURT OF APPEALS

FOR THE FIFTH CIRCUIT

NO. 28,254

E. I. duPONT deNEMOURS & COMPANY, INC.,

Plaintiff-Appellee,

versus

ROLFE CHRISTOPHER, ET AL.,

Defendants-Appellants.

Appeal from the United States District Court for the
Eastern District of Texas

(July ,1970)

Before WISDOM, GOLDBERG and INGRAHAM, Circuit Judges.

GOLDBERG, Circuit Judge:

This is a case of industrial espionage in which an airplane is the cloak and a camera the dagger. The defendants-appellants, Rolfe and Gary Christopher, are photographers in Beaumont, Texas. The Christophers were hired by an unknown third party to take aerial photographs of new construction at the Beaumont plant of E. I. duPont deNemours & Company, Inc. Sixteen photographs of the DuPont facility were taken from the air on March 19, 1969, and these photographs were later developed and delivered to the third party.

DuPont employees apparently noticed the airplane on March 19 and immediately began an investigation to determine why the craft was

circling over the plant. By that afternoon the investigation had disclosed that the craft was involved in a photographic expedition and that the Christophers were the photographers. DuPont contacted the Christophers that same afternoon and asked them to reveal the name of the person or corporation requesting the photographs. The Christophers refused to disclose this information, giving as their reason the client's desire to remain anonymous.

Having reached a dead end in the investigation, DuPont subsequently filed suit against the Christophers, alleging that the Christophers had wrongfully obtained photographs revealing DuPont's trade secrets which they then sold to the undisclosed third party. DuPont contended that it had developed a highly secret but unpatented process for producing methanol, a process which gave DuPont a competitive advantage over other producers. This process, DuPont alleged, was a trade secret developed after much expensive and time-consuming research, and a secret which the company had taken special precautions to safeguard. The area photographed by the Christophers was the plant designed to produce methanol by this secret process, and because the plant was still under construction parts of the process were exposed to view from directly above the construction area. Photographs of that area, DePont alleged, would enable a skilled person to deduce the secret process for making methanol. DuPont thus contended that the Christophers had wrongfully appropriated DuPont trade secrets by taking the photographs and delivering them to the undisclosed third party. In its suit DuPont asked for damages to cover the loss it had already sustained as a result of the wrongful disclosure of the trade secret and sought temporary and permanent injunctions prohibiting any further circulation of the photographs already taken and prohibiting any

additional photographing of the methanol plant.

The Christophers answered with motions to dismiss for lack of jurisdiction and failure to state a claim upon which relief could be granted. Depositions were taken during which the Christophers again refused to disclose the name of the person to whom they had delivered the photographs. DuPont then filed a motion to compel an answer to this question and all related questions.

On June 5, 1969, the trial court held a hearing on all pending motions and an additional motion by the Christophers for summary judgment. The court denied the Christophers' motions to dismiss for want of jurisdiction and failure to state a claim and also denied their motion for summary judgment. The court granted DuPont's motion to compel the Christophers to divulge the name of their client. Having made these rulings, the court then granted the Christophers' motion for an interlocutory appeal under 28 U.S.C.A. § 1292(b) to allow the Christophers to obtain immediate appellate review of the court's finding that DuPont had stated a claim upon which relief could be granted. Agreeing with the trial court's determination that DuPont had stated a valid claim, we affirm the decision of that court.

This is a case of first impression, for the Texas courts have not faced this precise factual issue, and sitting as a diversity court we must sensitize our Erie antennae to divine what the Texas courts would do if such a situation were presented to them. The only question involved in this interlocutory appeal is whether DuPont has asserted a claim upon which relief can be granted. The Christophers argued both at trial and before this court that they committed no "actionable wrong" in photographing the DePont facility and passing these photographs on to their client because

they conducted all of their activities in public airspace, violated no government aviation standard, did not breach any confidential relation, and did not engage in any fraudulent or illegal conduct. In short, the Christophers argue that for an appropriation of trade secrets to be wrongful there must be a trespass, other illegal conduct, or breach of a confidential relationship. We disagree.

It is true, as the Christophers assert, that the previous trade secret cases have contained one or more of these elements. However, we do not think that the Texas courts would limit the trade secret protection exclusively to these elements. On the contrary, in Hyde Corporation v. Huffines, Tex. 1958, 314 S.W.2d 763, the Texas Supreme Court specifically adopted the rule found in the Restatement of Torts which provides:

"One who discloses or uses another's trade secret, without a privilege to do so, is liable to the other if

(a) he discovered the secret by improper means, or

(b) his disclosure or use constitutes a breach of confidence reposed in him by the other in disclosing the secret to him. . . ."

Restatement of Torts § 757 (1939).

Thus, although the previous cases have dealt with a breach of a confidential relationship, a trespass, or other illegal conduct, the rule is much broader than the cases heretofore encountered. Not limiting itself to specific wrongs, Texas adopted subsection (a) of the Restatement which recognizes a cause of action for the discovery of a trade secret by any "improper" means.

The defendants, however, read Furr's Inc. v. United Specialty Advertising Co., Tex. Civ. App. 1960, 338 S.W.2d 762, writ ref'd n.r.e., as limiting the Texas rule to breach of a confidential relationship. The court in Furr's did make the statement that

"The use of someone else's idea is not automatically a violation of the law. It must be something that meets the requirements of a 'trade secret' and has been obtained through a breach of confidence in order to entitle the injured party to damages and/or injunction. 338 S.W.2d at 766 (emphasis added).

We think, however, that the exclusive rule which defendants have extracted from this statement is unwarranted. In the first place, in Furr's the court specifically found that there was no trade secret involved because the entire advertising scheme claimed to be the trade secret had been completely divulged to the public. Secondly, the court found that the plaintiff in the course of selling the scheme to the defendant had voluntarily divulged the entire scheme. Thus the court was dealing only with a possible breach of confidence concerning a properly discovered secret; there was never a question of any impropriety in the discovery or any other improper conduct on the part of the defendant. The court merely held that under those circumstances the defendant had not acted improperly if no breach of confidence occurred. We do not read Furr's as limiting the trade secret protection to a breach of confidential relationship when the facts of the case do raise the issue of some other wrongful conduct on the part of one discovering the trade secrets of another. If breach of confidence were meant to encompass the entire panoply of commercial improprieties, subsection (a) of the Restatement would be either surplusage or persiflage, an interpretation abhorrent to the traditional precision of the Restatement. We therefore find meaning in subsection (a) and think that the Texas Supreme Court clearly indicated by its adoption that there is a cause of action for the discovery of a trade secret by any "improper means." Hyde Corporation v. Huffines, supra.

The question remaining, therefore, is whether aerial photography of plant construction is an improper means of obtaining another's trade secret. We conclude that it is and that the Texas courts would so hold. The Supreme Court of that state has declared that "the undoubted tendency of the law has been to recognize and enforce higher standards of commercial morality in the business world." Hyde Corporation v. Huffines, supra at 773. That court has quoted with approval articles indicating that the proper means of gaining possession of a competitor's secret process is "through inspection and analysis" of the product in order to create a duplicate. K & G Tool & Service Co. v. G & G Fishing Tool Service, Tex. 1958, 314 S.W.2d 783, 788. Later another Texas court explained:

"The means by which the discovery is made may be obvious, and the experimentation leading from known factors to presently unknown results may be simple and lying in the public domain. But these facts do not destroy the value of the discovery and will not advantage a competitor who by unfair means obtains the knowledge without paying the price expended by the discoverer." Brown v. Fowler, Tex. Civ. App. 1958, 316 S.W.2d 111, 114, writ ref'd n.r.e., (emphasis added).

We think, therefore, that the Texas rule is clear. One may use his competitor's secret process if he discovers the process by reverse engineering applied to the finished product; one may use a competitor's process if he discovers it by his own independent research; but one may not avoid these labors by taking the process from the discoverer without his permission at a time when he is taking reasonable precautions to maintain its secrecy. To obtain knowledge of a process without spending the time and money to discover it independently is improper unless the holder voluntarily discloses it or fails to take reasonable precautions to ensure its secrecy.

In the instant case the Christophers deliberately flew over the

DuPont plant to get pictures of a process which DuPont had attempted to keep secret. The Christophers delivered their pictures to a third party who was certainly aware of the means by which they had^{been} acquired and who may be planning to use the information contained therein to manufacture methanol by the DuPont process. The third party has a right to use this process only if he obtains this knowledge through his own research efforts, but thus far all information indicates that the third party has gained this knowledge solely by taking it from DuPont at a time when DuPont was making reasonable efforts to preserve its secrecy. In such a situation DuPont has a valid cause of action to prohibit the Christophers from improperly discovering its trade secret and to prohibit the undisclosed third party from using the improperly obtained information.

We note that this view is in perfect accord with the position taken by the authors of the Restatement. In commenting on improper means of discovery the savants of the Restatement said:

"f. Improper means of discovery. The discovery of another's trade secret by improper means subjects the actor to liability independently of the harm to the interest in the secret. Thus, if one uses physical force to take a secret formula from another's pocket, or breaks into another's office to steal the formula, his conduct is wrongful and subjects him to liability apart from the rule stated in this Section. Such conduct is also an improper means of procuring the secret under this rule. But means may be improper under this rule even though they do not cause any other harm than that to the interest in the trade secret. Examples of such means are fraudulent misrepresentations to induce disclosure, tapping of telephone wires, eavesdropping or other espionage. A complete catalogue of improper means is not possible. In general they are means which fall below the generally accepted standards of commercial morality and reasonable conduct." Restatement of Torts § 757, comment f at 10 (1939).

In taking this position we realize that industrial espionage of the sort here perpetrated has become a popular sport in some segments of our industrial community. However, our devotion to free

wheeling industrial competition must not force us into accepting the law of the jungle as the standard of morality expected in our commercial relations. Our tolerance of the espionage game must cease when the protections required to prevent another's spying cost so much that the spirit of inventiveness is dampened. Commercial privacy must be protected from espionage which could not have been reasonably anticipated or prevented. We do not mean to imply, however, that everything not in plain view is within the protected vale, nor that all information obtained through every extra optical extension is forbidden. Indeed, for our industrial competition to remain healthy there must be breathing room for observing a competing industrialist. A competitor can and must shop his competition for pricing and examine his products for quality, components, and methods of manufacture. Perhaps ordinary fences and roofs must be built to shut out incursive eyes, but we need not require the discoverer of a trade secret to guard against the unanticipated, the undetectable, or the unpreventable methods of espionage now available.

In the instant case DuPont was in the midst of constructing the a plant. Although after construction / finished plant would have protected much of the process from view, during the period of construction the trade secret was exposed to view from the air. To require DuPont to put a roof over the unfinished plant to guard its secret would impose an enormous expense to prevent nothing more than a school boy's trick. We introduce here no new or radical ethic since our ethos has never given moral sanction to piracy. The market place must not deviate far from our mores. We should not require a person or corporation to take unreasonable precautions to prevent another from doing that which he ought not do in the first place. Reasonable precautions against predatory eyes we may require, but an impenetrable fortress is an unreasonable requirement, and we are not disposed to burden industrial inventors with such a duty in order

to protect the fruits of their efforts. "Improper" will always be a word of many nuances, determined by time, place, and circumstances. We therefore need not proclaim a catalogue of commercial improprieties. Clearly, however, one of its commandments does say "thou shall not appropriate a trade secret through deviousness under circumstances in which countervailing defenses are not reasonably available."

Having concluded that aerial photography, from whatever altitude, is an improper method of discovering the trade secrets exposed during construction of the DuPont plant, we need not worry about whether the flight pattern chosen by the Christophers violated any federal aviation regulations. Regardless of whether the flight was legal or illegal in that sense, the espionage was an improper means of discovering DuPont's trade secret.

The decision of the trial court is affirmed and the case remanded to that court for proceedings on the merits.

United States Court of Appeals

FOR THE FIFTH CIRCUIT

October Term, 19 69

No . 28254

D. C. Docket No. CA 6258

E. I. duPONT deNEMOURS & COMPANY, INC.,

Plaintiff-Appellee,

versus

ROLFE CHRISTOPHER, ET AL.,

Defendants-Appellants.

*Appeal from the United States District Court for the
Eastern District of Texas*

Before WISDOM, GOLDBERG and INGRAHAM, Circuit Judges.

J U D G M E N T

This cause came on to be heard on the transcript of the record from the United States District Court for the Eastern District of Texas, and was argued by counsel;

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be, and the same is hereby, affirmed; and that this cause be, and the same is hereby remanded to the said District Court for proceedings on the merits in accordance with the opinion of this Court.

It is further ordered that defendants-appellants pay to plaintiff-appellee, the costs on appeal to be taxed by the Clerk of this Court.

July 20, 1970

Issued As Mandate: SEP 4 1970

Not issued

Supreme Court of the United States

No. 869 -----, October Term, 1970

Rolfe Christopher and Gary Christopher,
Petitioners

v.

E. I. duPont de Nemours & Company, Inc.

ON PETITION FOR WRIT OF CERTIORARI to the United States Court of Appeals
for the Fifth ----- Circuit.

ON CONSIDERATION of the petition for a writ of certiorari herein to the United
States Court of Appeals for the Fifth ----- Circuit, it is
ordered by this Court that the said petition be, and the same is hereby, denied.

January 25, 1971

Mr. Justice Harlan and Mr. Justice White took no part
in the consideration or decision of this petition.

A true copy E. ROBERT SEAVER

Test:

Clerk of the Supreme Court of the United States

BY

Michael Rodan
Deputy